GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:138
ANSWERED ON:19.11.2009
INVESTMENT IN STEEL INDUSTRY
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Will the Minister of STEEL be pleased to state:

(a) whether the Government is planning to permit more foreign and private sector investment in the steel industry with a view to increase the production of steel in the country;

(b) if so, the percentage of investment likely to be permitted in steel industry;

(c) whether the Government has taken any measures to amend the infrastructural facilities in steel industry;

(d) if so, the details thereof;

(e) whether the Government has taken any measures to safeguard the interest of small scale producers in the steel industry;and

(f) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF STEEL (SHRI VIRBHADRA SINGH)

(a)&(b): According to the New Industrial Policy announced in July, 1991, steel industry has been de-licensed and removed from the list of industries reserved for the public sector subject to certain locational restrictions. No industrial licence is, therefore, required for setting up steel plants under the Industrial (Development & Regulation) Act, 1951 and the entrepreneurs are free to set up such plants anywhere in the country except in the restricted locations based on their commercial judgment.

However, as per the information available in the Ministry of Steel, 222 Memorandum of Understanding (MoUs) have been signed by various State Governments for setting up various steel units in their respective states for total capacity of 275.698 million tones.

(c)&(d): Government has no direct role in amendment of infrastructural facilities in the steel industries, which are carried out by the respective companies under modernization and capacity expansion programmes.

(e)&(f): Government has taken the following measures in helping the steel industry, including small and medium steel producers, in overcoming the situation arising out of global financial crisis. These are:

(i) Export Duty on steel items has been withdrawn w.e.f. 31.10.2008.

(ii) DEPB on steel items restored w.e.f. 14.11.2008.

(iii) Import Duty on iron and non-alloy steel items re-imposed at 5%, w.e.f. 18.11.2008.

(iv) Excise Duty (CENVAT) on steel items reduced from 14% to 10% w.e.f. 07.12.2008.

(v) Countervailing duty (CVD) on TMT bars and structurals reintroduced w.e.f. 02.01.2009.

(vi) Excise Duty (CENVAT) on steel items further reduced from 10% to 8% on 24.02.2009.